



BUDGET COMMITTEE



Judd Gregg, Ranking Member
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**Senator Judd Gregg Appears on CNBC's "Squawk Box"
To Discuss President Bush's FY2008 Budget
(partial/unofficial transcript)**

Q: Senator Gregg, the knock on the President, at least this morning in the media, is why didn't the President adjust the budget to the new political realities on the Hill? What's your answer to that?

Senator Gregg: Well, I think you heard Senator Conrad – I think he must still think he's in the minority it was sort of a cold answer on a cold day. My view is that the President's budget has some issues – some very significant issues in a number of accounts. But what he does do that's very constructive is he puts on the table a significant proposal in the area of controlling the long-term fiscal situation for this country, which specifically is health care costs and Medicare. He's proposing a \$95 billion savings in Medicare, which translates over the actuarial life of Medicare to a \$12 trillion savings in Medicare, which would dramatically improve the fiscal house of this nation over the long-term and pass on to our kids a more affordable government. And I'm hopeful our colleagues on the other side of the aisle will step up on that issue.

You know this year the Democrats are in a little different position – they can't just be in the negative. They've got to put a budget forward and if you look at what they're talking about, they're talking about spending a lot more money, about increasing taxes, and about not addressing the major concern of this country, which is major entitlement reform through their budget process because I don't think they're going to do a reconciliation proposal on Medicare. I hope they will, but I don't see that happening.

Q: Senator Gregg, let's talk quickly about spending for defense. The biggest defense budget since the Reagan area – a lot more spending for Iraq and Afghanistan. All of those numbers now in the budget, and Rob Portman says that's a good faith effort. Can we get Democrats to agree on defense budget spending – they can't even get a non-binding resolution through?

Senator Gregg: Well, the defense numbers in this budget, at least next year, are at least appropriately put forward, although they still use an emergency designation which is totally inappropriate. They should go through the regular budgeting process, which means they should be authorized and then appropriated. They shouldn't skip the budgeting process by using an emergency designation. But in the post-2008 period there are not enough dollars in the budget for the defense needs. They've put in a plug number -- \$50 billion -- not realistic. I don't know whether Senator Conrad will use that in his budget but its not a realistic number and I don't think the White House has done a very good job there.

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